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FOREIGN NEWS ON CITRUS FRUIT

THE CHINESE MARKET FOR AMERICAN ORANGES AND LEMONS 1/

China affords a small but growing market for American oranges and lemons, according to a report received in the Foreign Service of the Bureau of Agricultural Economics from Agricultural Commissioner Paul O. Nyhus. The larger part of the American oranges shipped to that country is consumed in Shanghai while Manchuria, because of the large Russian population, is probably the principal consumer of American lemons due to the Russian custom of using lemon with tea. The principal competition encountered by American oranges in China comes from the small sweet native orange grown along the southeast coast of the country and, particularly in the case of the Manchurian market, from the Japanese Mandarin oranges. Practically no competition is encountered by American lemons, states Mr. Nyhus, as there is no Chinese production of this fruit and trial orders of Italian lemons have not so far been successful.

Oranges

The market for American oranges in China depends chiefly on the all-season character of American varieties, on the purchasing power of the Chinese population and on facilities for shipping and handling the fruit in good condition, according to Mr. Nyhus. The importance of American oranges compared with oranges imported from other countries is shown in the following table. Reexports from China to other countries are insignificant. It is significant that three-fourths of the entire

ORANGES: Imports into China from foreign countries  
(In boxes of 70 lbs.)

Country	1925		1926	
	Quantity	Value	Quantity	Value
	Boxes	Dollars	Boxes	Dollars
United States .....	23,700	158,400	49,400	282,100
Japan, including Formosa ..	344,000	766,600	500,000	1,004,000
Hongkong a/.....	7,000	19,500	600	1,900
Korea .....	11,000	42,300	7,000	19,900
Russian Asiatic Ports a/ ..	14,600	90,100	28,300	104,000
Total foreign imports ...	400,300	1,076,900	585,300	1,411,900

a/ Reexports.

1/ A Foreign Service Release on the Chinese Market for United States Apples, containing a somewhat general discussion of the Chinese fruit industry, is to be published in the near future and may be obtained on request to the Foreign Service of this Bureau.



consumption of American oranges takes place in Shanghai, an explanation of which will indicate the factors and potentialities of the American orange market in China. The market for American oranges is largely during the spring and summer months when the native varieties are out of season. During this time the American orange has only slight competition anywhere in China as oranges imported from Japan into Manchuria are similar to native oranges and chiefly replace the native orange.

The native Chinese orange supplemented by supplies of similar fruit from Japan is one of the leading and most popular varieties of fresh fruit consumed in China. The chief growing region is along the Southeast Coast and large shipments are made to Yangtze, Northern China and South Asiatic ports ranging in amount from 686,000 to 945,000 boxes annually, according to Mr. Nyhus. There are several varieties of the native orange, known largely by the places at which they are grown. Certain varieties have an extremely loose skin and are fully as large as American oranges, others having a thin, tight skin are small in size. All varieties are very sweet tasting and are liked by many foreigners as well as the American oranges and have the added advantage of being very much cheaper than the foreign fruit. The native orange appears on the market in large quantities in November and while they remain in good condition there is little place for the expensive American fruit. Small quantities of the native fruit may be kept until June but generally in March they become dry and tasteless and an outlet is provided for the all-season American oranges which, although sold throughout the year, are sold in the largest quantities during the summer months.

Even in the off season for native fruit the market for our oranges is greatly limited by the low purchasing power of the Chinese people. For the masses, foreign oranges, due to their high price, are out of the question. Even for the Chinese of moderate circumstances it is one thing to buy native oranges while in season at 5 to 7 cents per pound and an entirely different matter to be able to afford foreign oranges at two to four times this price. Some idea of the purchasing power and standard of living may be concluded from the fact that probably three-fourths of the shop hands, factory workers and manual laborers in Shanghai have wages not exceeding \$9 per month. In the interior wages are materially less than in the port cities. Outside Nanking farm laborers were hoeing cotton last May at 12 cents per day while the price of American oranges on the same day in one of the shops of Nanking was 6 cents a piece.

With this understanding of the Chinese purchasing power one of the chief reasons for the importance of Shanghai as a market becomes apparent. Not only is there a large number of Americans and Europeans in this city (about 15,000), but the city holds a concentration of wealthy Chinese. As a center of import and export trade, banking, manufacturing and business in general it has a larger population of wealthy Chinese than any other city in China. It is this small minority of the population having ample means and adopting Western habits more and more that primarily accounts for the American orange market in Shanghai. Practically all of





the oranges shipped from America to China are sent to Shanghai although local exporters make re-exports in small lots to coast and river ports. Re-exports ; of American oranges are approximately one-fourth of the amount received at Shanghai. Net imports into Shanghai 1924-1927 showing the importance of American oranges compared with the native and Japanese oranges are given below.

ORANGES: Net imports into Shanghai, by kinds, 1924-1927  
(In boxes of 70 pounds)

Year	Native	American	Japanese	Total
	<u>Boxes</u>	<u>Boxes</u>	<u>Boxes</u>	<u>Boxes</u>
1924 .....	363,000	15,100	400	378,500
1925 .....	271,000	18,600	1,600	291,200
1926 .....	291,000	37,400	2,000	331,400
1927 <u>a/</u> .....	286,000	37,000	700	323,700

Compiled from unpublished records of Chinese Maritime Customs.  
a/ Preliminary.

Considerable amounts of the native varieties are reshipped from Shanghai to North China and to Yangtze ports but foreign imports of oranges do not average more than 10 per cent of the receipts of native oranges.

There are about four importing companies in Shanghai which import American oranges and whose salesmen canvass the numerous fruit shops in the International settlement and in the native city. Sizes of 200 and 252 oranges to a case seem to be the best sellers and asking prices are generally per piece or number of pieces per Mexican dollar. During the summer months American oranges are very prominently displayed. It is a common sight to see arranged in front of some of the shops half or quarter pieces of oranges salvaged from spoiled lots and on sale for a few coppers, reports Mr. Nyhus. Little is wasted. Cold storage facilities in Shanghai are ample and at reasonable rates. The ocean rate from Seattle to Shanghai is given by Mr. Nyhus at gold \$1.50 per box when shipped in cold storage or \$1.25 per box in ventilated storage. The import duty is \$.50 per 100 pounds. Dealers state that prices during the current season are higher than a year ago and that sales accordingly are somewhat less than last season. Civil warfare during the past two years has made business with the interior especially difficult.

Transportation facilities in China are very poor and particularly inadequate during the hot summer months for taking care of oranges taken out of cold storage for re-shipment to interior places. There is no cold storage on coast boats or trains from Shanghai. Shipping conditions and facilities in the outport and interior places often prevent shipment to satisfy the limited purchasing power that does exist.





The Tientsin market for American oranges, although small, is the second largest of China. The trade is similar to that of Shanghai, the largest sale of American oranges being from June to September when native oranges are off the market. As shown in the table below on imports into Tientsin, 90 per cent of the receipts of Tientsin are native oranges, 7 per cent Japanese and 3 per cent American.

ORANGES: Net imports into Tientsin, by kinds, 1925-1927  
(In boxes of 70 pounds)

Year	Native	American	Japanese and Formosan	Total
	<u>Boxes</u>	<u>Boxes</u>	<u>Boxes</u>	<u>Boxes</u>
1925 .....	107,300	1,900	1,000	110,200
1926 .....	86,000	2,900	10,100	99,000
1927 .....	97,000	3,000	7,300	107,300

Compiled from unpublished records of Chinese Maritime Customs.

An American importer maintains an agent at Tientsin who solicits the trade regularly and another American importer has a salesman in North China who calls at Tientsin quite frequently. The nearby fruit areas of Chefoo, Changli and the Western Hills provide Tientsin with a variety of native fresh fruits, which partially explains the light consumption of American oranges during the summer months. Another detrimental factor is the absence of well conducted fruit shops such as exist in Shanghai and the lack of facilities for keeping stored fruit in good condition.

Dairen in the Japanese leased territory of Kwantung is the southern entry port into Manchuria, the third region in importance as a market for American oranges. The following table giving net imports of oranges into Dairen shows that Japanese and Formosan oranges make up about 90 per cent of the total receipts of this port and almost entirely displace the native Chinese orange. Japanese oranges are chiefly of the sweet mandarin type of Chinese origin and exports are made to China, Canada and the United States.

ORANGES: Imports into Manchuria, by kinds, 1924-1926  
(In boxes of 70 pounds)

Year	Native	American	Japanese and Formosan	From Russian Pacific Coast ports a/	Total
	<u>Boxes</u>	<u>Boxes</u>	<u>Boxes</u>	<u>Boxes</u>	<u>Boxes</u>
1924 .....	27,000	600	211,000	---	238,600
1925 .....	16,000	400	306,000	14,600	337,000
1926 .....	23,000	1,300	446,000	28,300	498,600

Compiled from unpublished records of the Chinese Maritime Customs.

a/ Chiefly imports of Japanese oranges but include also some American oranges via Vladivostok.

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An investigation by Mr. Nyhus in March of this year revealed that the leading fruit stores of Dairen were well stocked with several kinds of Japanese and Formosan oranges but without many American oranges. Japanese oranges were 6 cents per pound and large Formosa oranges 8 cents per pound. One store had California oranges at 18 cents per pound. Railway transportation in Manchuria is the best of any region in China and with many cities and a population of about 28 million there is a good outlet for the low priced oranges from nearby Japan. Leading provision dealers at Harbin, a Russian community in Northern Manchuria, state that the difficulty of shipping fruit during the extremely cold winters of Manchuria prevents American oranges from being on the market until the beginning of warm weather in April. Although available during the summer the consumption is not large. Re-shipments from Shanghai have both a boat trip and a long railway haul.

The orange trade of China is thus of a very regional character, although re-shipments in various amounts are sent to all the port cities. Although the market is limited by the various factors mentioned above, in the opinion of the trade continuous improvement is expected.

#### Lemons

The American lemon trade in China is in a somewhat different position from the orange trade for there is no effective domestic or foreign competition, reports Mr. Nyhus. Trial shipments of Italian lemons have not proved successful. The comparative hardness of this fruit and its ability to stand the transportation conditions of China facilitate its re-export from Shanghai and distribution to other ports in China. There are instances of fruit shops having no other American fresh fruit but lemons.

The largest volume of sales is during the summer months and the business, although not large at present, is said to be increasing with a larger use of lemons for lemonade, tea and other drinks, and to serve with fish. Imports into Manchuria are relatively large due to the tea drinking habit of Russians in Northern Manchuria and their demand for lemon to serve in tea.

The ocean rate from San Francisco to Shanghai is 75 cents per case for ventilated storage and the import duty is 40 cents per case. Imports from the United States for 1924-1926 have been as follows:

<u>Year</u>	<u>Boxes of 74 pounds</u>
1924 .....	5,500
1925 .....	5,700
1926 .....	7,600

